

PACHULSKI STANG ZIEHL & JONES LLP
Jeffrey N. Pomerantz (CA Bar No. 143717) (*admitted pro hac vice*)
John A. Morris (NY Bar No. 266326) (*admitted pro hac vice*)
Gregory V. Demo (NY Bar No. 5371992) (*admitted pro hac vice*)
Hayley R. Winograd (NY Bar No. 5612569) (*admitted pro hac vice*)
10100 Santa Monica Blvd., 13th Floor
Los Angeles, CA 90067
Telephone: (310) 277-6910
Facsimile: (310) 201-0760

HAYWARD PLLC
Melissa S. Hayward (TX Bar No. 24044908)
MHayward@HaywardFirm.com
Zachery Z. Annable (TX Bar No. 24053075)
ZAnnable@HaywardFirm.com
10501 N. Central Expy, Ste. 106
Dallas, TX 75231
Telephone: (972) 755-7100
Facsimile: (972) 755-7110

Counsel for Highland Capital Management, L.P.

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re:

HIGHLAND CAPITAL MANAGEMENT, L.P.,¹
Reorganized Debtor.

HIGHLAND CAPITAL MANAGEMENT, L.P.,
Plaintiff,

vs.

PATRICK HAGAMAN DAUGHERTY,
Defendant.

§
§ Chapter 11
§
§ Case No. 19-34054-sgj11
§
§
§
§ Adversary Proceeding No.
§
§ 20-03107-sgj
§
§
§
§

¹ The Reorganized Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Reorganized Debtor is 100 Crescent Court, Suite 1850, Dallas, TX 75201.

ADVERSARY PROCEEDING STATUS REPORT

In response to the Clerk of Court's correspondence dated March 2, 2022 [Dkt. No. 18] (the "Clerk's Correspondence"), plaintiff Highland Capital Management, L.P. ("Highland" or the "Reorganized Debtor") files this *Case Status Report* (the "Status Report") to update the Court on the status of the above-captioned adversary proceeding (the "Adversary Proceeding").

1. On October 16, 2019, Highland filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

2. Highland's above-referenced chapter 11 case (the "Bankruptcy Case") is pending before the Court.

3. On August 31, 2020, Highland commenced the Adversary Proceeding against defendant Patrick Hagaman Daugherty ("Mr. Daugherty") by filing a complaint [Dkt. No. 1] (the "Complaint") in which Highland (i) objected to Mr. Daugherty's claim against Highland appearing as Proof of Claim No. 77² on the claims register in Highland's Bankruptcy Case, and (ii) asserted a cause of action for the subordination of part of Mr. Daugherty's claim pursuant to section 510(b) of the Bankruptcy Code.

4. On or about November 22, 2021, Highland and Mr. Daugherty executed that certain *Settlement Agreement* (the "Settlement Agreement") attached as Exhibit 1 to the *Declaration of John A. Morris in Support of the Reorganized Debtor's Motion for Entry of an Order Approving Settlement with Patrick Hagaman Daugherty (Claim No. 205) and Authorizing Actions Consistent Therewith* [Bankr. Dkt. No. 3089] (the "Morris Declaration") filed in support of the *Reorganized Debtor's Motion for Entry of an Order Approving Settlement with Patrick*

² Mr. Daugherty's Proof of Claim No. 77 was subsequently amended and superseded by his Proof of Claim No. 205.

Hagaman Daugherty (Claim No. 205) and Authorizing Actions Consistent Therewith [Bankr. Dkt. No. 3088] (the “Settlement Motion”).

5. Following an evidentiary hearing on the Settlement Motion held on March 1, 2022, the Court entered its *Order Approving Settlement with Patrick Hagaman Daugherty (Claim No. 205) and Authorizing Actions Consistent Therewith* [Bankr. Dkt. No. 3298] (the “Settlement Order”) approving the Settlement Motion and the parties’ entry into the Settlement Agreement.

6. As part of the Settlement Agreement, the parties agreed that they would take all steps necessary to, among other things, dismiss this Adversary Proceeding with prejudice.

7. Highland and Mr. Daugherty are currently in the process of taking the steps necessary to effectuate the terms of the Settlement Agreement. Highland anticipates filing a stipulation of dismissal of this Adversary Proceeding within no more than 30 days—and likely much sooner—following the date of the filing of this Status Report.

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Dated: March 16, 2022.

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10100 Santa Monica Blvd., 13th Floor
Los Angeles, CA 90067
Telephone: (310) 277-6910
Facsimile: (310) 201-0760
E-mail: jpomerantz@pszjlaw.com
jmorris@pszjlaw.com
gdemo@pszjlaw.com
hwinograd@pszjlaw.com

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HAYWARD PLLC

/s/ Zachery Z. Annable
Melissa S. Hayward
Texas Bar No. 24044908
MHayward@HaywardFirm.com
Zachery Z. Annable
Texas Bar No. 24053075
ZAnnable@HaywardFirm.com
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Fax: (972) 755-7110

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